



# House of Representatives

General Assembly

**File No. 64**

January Session, 2005

Substitute House Bill No. 6029

*House of Representatives, March 24, 2005*

The Committee on Energy and Technology reported through REP. FONTANA of the 87th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING MAXIMIZATION OF THE VALUE OF ELECTRIC UTILITY RATEPAYER ASSETS IN DISPOSITION OR LEASING.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 16-43 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2005*):

4 (a) A public service company shall obtain the approval of the  
5 Department of Public Utility Control to directly or indirectly (1) merge,  
6 consolidate or make common stock with any other company, or (2)  
7 sell, lease, assign, mortgage, except by supplemental indenture in  
8 accord with the terms of a mortgage outstanding May 29, 1935, or  
9 otherwise dispose of any essential part of its franchise, plant,  
10 equipment or other property necessary or useful in the performance of  
11 its duty to the public. Any such disposition of an essential part of such  
12 other real or personal property of a public service company shall be by

13 public auction or other procedure for public sale, provided such  
14 auction or public sale shall be conducted upon notice of auction or sale  
15 published at least once each week for two weeks preceding the date of  
16 such auction or sale in a newspaper having a substantial circulation in  
17 the county in which such property is located. The public service  
18 company shall submit evidence to the department of the notice given.  
19 On a showing of good cause by such company to use a means of  
20 disposal other than by public auction or other procedure for public  
21 sale, the department may, on a finding of such good cause, authorize  
22 the use of an alternative sales process. A public service company other  
23 than a water company may sell, lease, assign, mortgage or otherwise  
24 dispose of improved real property with an appraised value of two  
25 hundred fifty thousand dollars or less or unimproved real property  
26 with an appraised value of fifty thousand dollars or less without such  
27 approval. The department shall follow the procedures in section 16-50c  
28 for transactions involving unimproved land owned by a public service  
29 company other than a water company. A water company supplying  
30 water to more than five hundred consumers may sell, lease, assign,  
31 mortgage, or otherwise dispose of real property, other than public  
32 watershed or water supply lands, with an appraised value of fifty  
33 thousand dollars or less without such approval. The department shall  
34 not accept an application to sell watershed or water supply lands until  
35 the Commissioner of Public Health issues a permit pursuant to section  
36 25-32. The condemnation by a state department, institution or agency  
37 of any land owned by a public service company shall be subject to the  
38 provisions of this subsection. On February 1, 1996, and annually  
39 thereafter, each public service company shall submit a report to the  
40 Department of Public Utility Control of all real property sold, leased,  
41 assigned, mortgaged, or otherwise disposed of without the approval of  
42 said department during the previous calendar year. Such report shall  
43 include for each transaction involving such property, without  
44 limitation, the appraised value of the real property, the actual value of  
45 the transaction and the accounting journal entry which recorded the  
46 transaction.

This act shall take effect as follows and shall amend the following sections:
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Section 1	<i>July 1, 2005</i>	16-43(a)
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***Statement of Legislative Commissioners:***

In section 1(a), "real or personal" was added for clarity.

***ET***            *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Public Utility Control, Dept.	CC&PUCF - None	None	None

Note: CC&PUCF=Consumer Counsel and Public Utility Control Fund

**Municipal Impact:** None

**Explanation**

The bill makes various changes to the process of a sale or other disposition of an essential part of a utility regulated by the Department of Public Utility Control (DPUC). The bill has no fiscal impact.

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**OLR Bill Analysis**

sHB 6029

***AN ACT CONCERNING MAXIMIZATION OF THE VALUE OF  
ELECTRIC UTILITY RATEPAYER ASSETS IN DISPOSITION OR  
LEASING*****SUMMARY:**

This bill generally requires that any sale or other disposition of an essential part of a utility regulated by the Department of Public Utility Control (DPUC) be done by public auction or other public sale procedure. (By law, such dispositions require DPUC approval.) The bill gives DPUC the authority to allow the utility to use an alternative sale process if it makes a finding of good cause.

The bill requires that there be notice of the auction or sale at least once per week in the two weeks before the auction or sale. The notice must run in a newspaper with substantial circulation in the county where the real or personal property is located. The utility must give DPUC evidence that it provided the notice.

EFFECTIVE DATE: July 1, 2005

**COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Report

Yea 17      Nay 0